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MEMORANDUM FOR: Deputy Director (Science & Technology)

SUBJECT : FY 1964 Funding Arrangements for Program "B"

REFERENCES : TAB-A, [redacted] NRO Agreement
 TAB-B, [redacted] NRO Program Funding
 TAB-C, [redacted] Request from NRO for
 TAB-D, [redacted] FY 1964 Financial Plan
 TAB-E, [redacted] FY 1964 Budget Submission
 TAB-F, [redacted] for Program "B"
 TAB-G, [redacted] NRO Recommended Program
 [redacted] Record of Meeting with
 [redacted] NRO Comptroller
 [redacted] Summary of Program "B"
 [redacted] Funding

1. During the early stages of Fiscal Year 1963 it was determined by CIA and NRO officials that a firm operating agreement should be reached concerning the Programs being administered by CIA on behalf of the NRO. On 13 March 1963 an agreement between the Secretary of Defense and the Director of CIA on "Management of the National Reconnaissance Program" was signed by Mr. John A. McCone, Director of Central Intelligence and Mr. Roswell Gilpatric, Deputy Secretary of Defense. (TAB-A)

2. Subsequent to the above mentioned agreement, an implementing instrument entitled "National Reconnaissance Office Program Funding" was executed and signed by Mr. McCone on 5 April 1963 and by Mr. Gilpatric on 4 April 1963. These agreements, and especially the latter, were felt to be clear understandings and workable arrangements concerning the funding of Projects under Program "B". (TAB-B)

3. On 23 May 1963 a memorandum from the Director, NRO to the Director, Program "B" requested that the FY 1964 Financial Plan be developed and presented to the NRO Comptroller. This memorandum advised that after analysis of this Financial Plan by the NRO Comptroller, it would be the subject of a meeting between representatives of the DNRO and of the Office of the Director, Program "B". (TAB-C)

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NRO review(s) completed.

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4. The FY 1964 Financial Plan as requested was submitted to the Director, NRO on 14 June 1963 and, in a meeting of NRO and CIA officials on 20 June 1963, the plan was discussed. The DDCI and the DNRO headed their respective delegations at this meeting. No firm decisions were made at this meeting, however, the DNRO indicated that certain cuts in the Program "B" submission would be necessary due to overall NRO fund limitations. It was agreed that further discussions would be held prior to final approval of the Director Program "B" fund requirements. (TAB-D)

5. As a result of this meeting, the Director, NRO submitted an informal document to the Director, Program "B" outlining his recommended Funding Program as compared to the Funding Program submitted by the Director, Program "B". (TAB-E)

6. Based upon our understanding of paragraphs 4 and 5 of the implementing instrument mentioned in paragraph 2 above, i.e., CIA would request funds at the beginning of the Fiscal Year in the precise amount approved by the DNRO for each project, an inquiry was made to the NRO Comptroller as to the approved amounts to be requested. CIA was advised by the NRO Comptroller that due to the allocation limitation placed upon him, he would be unable to make full-year funding and that CIA should submit requests for first-quarter funding only. Requests for first-quarter funds were submitted to the NRO Comptroller, however, he then advised CIA that he could make funds available only for the month of July 1963. Estimates for July 1963 requirements were compiled and requests for payment were submitted to the NRO Comptroller and payment was made of the amounts requested.

7. CIA officials met with the NRO Comptroller on 22 July 1963 to discuss further the fund requirements for FY 1964, and in particular, requirements for the first quarter of FY 1964. Agreement was reached on first-quarter fund requirements, requests for payment were submitted and payment has been received.

8. The NRO Comptroller has advised CIA that all funding will be made on a quarterly basis subject to a quarterly review of programs and fund requirements and that it was never

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the intent of NRO to fund on an annual basis. The NRO Comptroller met with CIA officials again on 8 August 1963 to discuss the matter of annual vs quarterly funding. A record of this meeting is documented in [redacted] (TAB-F)

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9. TAB-G attached reflects a summary of the FY 1964 Funding as follows:

a. Original FY 1964 estimates submitted in the Fall of 1962 as the Congressional Budget.

b. The Director, Program "B" submission of 14 June 1963 reflecting revised estimates for FY 1964.

c. The DNRO Tentative Program, and

d. DNRO cuts in the Program "B" Submission.

e. Funds received to date which represents first-quarter funding.

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10. The Director, Program "B" submission asked for [redacted] to cover those projects for which CIA has management responsibility. This amount was reduced [redacted]

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[redacted] by the DNRO as reflected in column 4 of TAB-G.

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dy
[redacted]
JACK C. LEDFORD
Colonel USAF
Assistant Director
(Special Activities)

Attachments: a/s

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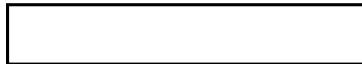
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THE DEPUTY SECRETARY OF DEFENSE
WASHINGTON 25, D. C.



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March 13, 1963

Dear John:

Enclosed herewith is the new NRO agreement in final form, reflecting a few changes that were made in the earlier draft approved by each of us, which were worked out yesterday among Messrs. Horwitz, Kirkpatrick and Scoville.

I have signed both copies, and when you have added your signature will you return one copy to me.

Will you have your office let me know as soon as the agreement is signed so that Dr. McMillan may be notified and the appropriate arrangements made between him and Dr. Scoville.

Sincerely,



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Honorable John A. McCone

Director of Central Intelligence

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#5 Lewis C

**AGREEMENT BETWEEN
THE SECRETARY OF DEFENSE AND
THE DIRECTOR OF CENTRAL INTELLIGENCE
ON
MANAGEMENT OF THE NATIONAL RECONNAISSANCE PROGRAM**

I. Management of the National Reconnaissance Program

A. To insure that the particular talents, experience and capabilities within the Department of Defense and the Central Intelligence Agency are fully and most effectively utilized in the establishment, management and conduct of the National Reconnaissance Program, the Secretary of Defense and the Director of Central Intelligence hereby agree that the Secretary of Defense shall be the Executive Agent for the National Reconnaissance Program, which shall be developed, managed and conducted in accordance with policies and guidance jointly agreed to by the Secretary of Defense and the Director of Central Intelligence.

B. To carry out his responsibilities as Executive Agent for the National Reconnaissance Program, the Secretary of Defense will establish as a separate operating agency of the Department of Defense a National Reconnaissance Office under the direction, authority and control of the Secretary of Defense.

C. In the execution of their respective responsibilities the Secretary of Defense and the Director of Central Intelligence may designate appropriate officials of the Office of the Secretary of Defense and the Central Intelligence Agency to examine and monitor on their behalf the activities of the National Reconnaissance Office.

II. Organization and Command of the National Reconnaissance Office

The National Reconnaissance Office shall consist of:

A. A Director appointed from among the officers and employees of the Department of Defense by the Secretary of Defense with the concurrence of the Director of Central Intelligence, who shall devote a major portion of his time to the business of the National Reconnaissance Office.

B. A Deputy Director appointed from among the officers and employees of the Central Intelligence Agency by the Director of Central

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Intelligence with the concurrence of the Secretary of Defense. The Deputy Director NRO shall be in the chain of command directly under the Director NRO and shall at all times be kept fully and currently informed as to all activities of the National Reconnaissance Program. Under the direction of the Director NRO he shall be responsible for:

1. Supervising relations between the NRO and the United States Intelligence Board and its subcommittees, and the intelligence exploitation community.

2. Supervising all NRP tasks assigned by the Director NRO to the Central Intelligence Agency.

3. Performing such other duties as may be assigned by the Director, NRO.

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The Deputy Director shall act for, and exercise the powers of the Director, NRO, during his absence or disability.

C. Such personnel of the Army, Navy, Air Force, other components of the Department of Defense and the Central Intelligence Agency as shall be assigned on a full time basis to appropriate positions within the National Reconnaissance Office.

D. The chain of command shall run directly from the Secretary of Defense as Executive Agent to the Director, NRO. Guidance to the Director, NRO, shall be furnished by the Secretary of Defense as Executive Agent hereunder and by the United States Intelligence Board.

III. Functions and Responsibilities of the National Reconnaissance Office

Subject to the direction, authority and control of the Secretary of Defense, the National Reconnaissance Office, under the operational direction and control of its Director, is responsible for the management of all aspects of the NRP, including but not limited to:

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A. Development on a continuing basis for the approval of the Secretary of Defense and the Director of Central Intelligence of a single National Reconnaissance Program of all projects for collection of intelligence, mapping and geodetic information through overflights over denied territory, by collection systems exclusive of normal peripheral operations. Maximum use will be made of appropriate technical and operational capabilities and resources of the Department of Defense, NSA and CIA to support all collection and processing projects.

B. Responding directly and solely to the intelligence collection requirements and priorities established by the United States Intelligence Board.

C. Scheduling all missions for overflights in the National Reconnaissance Program, obtaining appropriate clearances where required from higher authority.

D. All NRP flights over denied territory, employing appropriate capabilities, facilities and resources of the Department of Defense and the Central Intelligence Agency.

E. Initial imagery processing, titling, production and delivery of the collected product to the users as specified by the USIB.

F. Decommutation, conversion, technical correction and reconstruction of the collected electronic signal data to yield a usable collection product, and delivery of such collection product in proper format together with associated data necessary for exploitation to the NSA or other user as specified by the USIB.

G. Engineering analysis of all collection systems to correct the problems that exist on the operating systems as well as to provide information for new systems.

H. Planning and conduct of research and development of future NRP projects, utilizing appropriate resources and capabilities of the DoD, CIA and private contractors.

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I. Presentation, as required, of all aspects of the NRP to the Special Group and the President's Foreign Intelligence Advisory Board.

J. Maintenance of a uniform system of security procedures and control in accordance with security policy established for the NRP by the Director of Central Intelligence.

K. Preparation of budget requests for all NRO programs, and presentation and substantiation of such budget requests to the Secretary of Defense and the Director of Central Intelligence, the Bureau of the Budget and Congressional Committees. CIA will include in its budget presentation to the Bureau of the Budget and Congressional Committees the funds for those NRP tasks which are assigned to CIA and which are to be financed from NRO resources.

L. Direction and management of the application of, and administration of all funds made available for the National Reconnaissance Program. Funds expended or obligated under the authority of the Director of Central Intelligence under Public Law 110 will be administered and accounted for by CIA.

M. Rendition of status of funds reports and analyses.

N. Release of public information subject to the security guidance of CIA.

IV. Authorities

The Director, National Reconnaissance Office, in connection with his assigned responsibilities for the National Reconnaissance Program, shall be authorized to:

A. Organize, staff and supervise the National Reconnaissance Office.

B. Establish, manage and conduct the National Reconnaissance Program.

C. Assign all project tasks such as technical management, contracting, etc., to appropriate elements of the DoD and the CIA, changing such assignments, and taking any such steps he may determine necessary to the efficient management of the NRP.

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D. Issue appropriate instructions and procedures implementing this agreement.

V. Relationships

A. In carrying out his responsibilities for the National Reconnaissance Program, the Director, National Reconnaissance Office shall:

1. Report directly to the Secretary of Defense and shall keep him and the Director of Central Intelligence currently informed on the NRO and the NRP. In addition he shall keep such officials of the Department of Defense and the Central Intelligence Agency as the Secretary of Defense and the Director of Central Intelligence may respectively designate under the provisions of paragraph I. C. to examine and monitor the National Reconnaissance Program on their behalf, personally informed on a regular basis, or on request, on the status of projects of the National Reconnaissance Program.

2. Establish appropriate liaison between the National Reconnaissance Office and the United States Intelligence Board, the Joint Chiefs of Staff, the Defense Intelligence Agency, and the National Security Agency.

3. Where appropriate make use of qualified personnel of the Department of Defense and the Central Intelligence Agency as full-time members of the National Reconnaissance Office.

4. Make maximum utilization of appropriate technical and operational capabilities and resources of the Department of Defense, the National Security Agency and the Central Intelligence Agency to support all collection and processing programs including but not limited to, electronic signal and imagery programs.

B. Officials of all elements of the Department of Defense and the Central Intelligence Agency shall provide support within their respective authorities to the Director, National Reconnaissance Office, as may be necessary for the Director to carry out his assigned responsibilities and functions. Streamlined management procedures shall be utilized whereby individual project directors will report directly to the Director, National Reconnaissance Office. The Director, National Reconnaissance Office, shall be given support as required from normal staff elements of the

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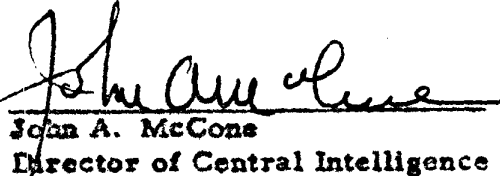
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military departments and agencies of the Department of Defense and of the Central Intelligence Agency concerned, although these staff elements will not participate in those project matters except as he specifically requests, and these projects will not be subject to normal Department of Defense or Central Intelligence Agency staff review.

VI. Effective Date

This agreement is effective upon signature and supersedes the DoD-CIA NRO Agreement dated 2 May 1962.

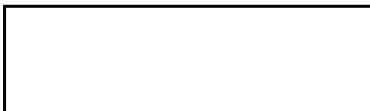
13 March 1963


John A. McCone
Director of Central Intelligence


Roswell Gilpatric
Deputy Secretary of Defense

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NATIONAL RECONNAISSANCE OFFICE

PROGRAM FUNDING

1. Definitions:

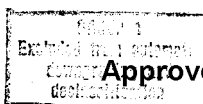
Program - Refers, in the broadest sense, to the NRO.

Projects - Refers to major elements within the NRP, such as OXCART, CORONA, etc.

Tasks - Refers to a work effort assigned by the DNRO which is a portion of a project or which provides for a separate item not considered a complete mission item.

2. The National Reconnaissance Program will be financed from appropriations for the military functions of the Department of Defense.
3. The NRP will be implemented, based upon individual projects and tasks approved by the DNRO and the NRPG through the issuance by the DNRO of program directives to the program directors; i. e. CIA Program Director (Program Baker) in the instance of projects and tasks to be accomplished through CIA.
4. Based upon the program directive, the CIA Program Director (Program Baker) will prepare a definitized program document, including the estimate of funds required therefor. The Comptroller of CIA will prepare a Standard Form No. 1080 "Voucher for Transfers Between Appropriations and/or Funds" in the amount of the estimated funds required as shown on the definitized program document and will cross-reference via a code identifier.
5. The definitized program document and the Standard Form No. 1080 voucher will separately be transmitted to the NRO. The NRO will arrange for the accomplishment of the Standard Form No. 1080 voucher and thereby accomplish the advance to the CIA of the precise amount estimated to be required for the specific individual project or task as previously approved by the Director NRO.
6. In the event that funding requirements for a project or task may change during the course of the fiscal year, the Program Director

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Series D, typed 19 August 1963

in CIA will submit a revised definitized program document to indicate revised dollar estimates for decision by DNRO. To the extent revision in dollar estimates are approved by the DNRO, the Comptroller CIA will prepare a Standard Form 1080 voucher in the amount of the change and transmit same to the NRO. The NRO will arrange for the required reprogramming of funds and for the accomplishment of the Standard Form 1080 voucher, thereby adjusting the amount of the advances in accordance with the approval of the NRO.

7. Funds advanced to the CIA for each specific project or task will be available only for the specific project or task for which advanced. Any adjustments between projects or tasks will require the specific approval of the DNRO. Flexibility within each project or task is authorized without reference to the DNRO, provided that the total advance for the project or task is not exceeded.
8. The CIA will report at least monthly the fiscal status of each project or task in relationship to the amount advanced to the CIA therefor.
9. The foregoing arrangements will be effective for FY 1964 and subsequent fiscal years.
10. FY 1963 funds appropriated to CIA for NRO programs will be obligated in accordance with assignment of NRO projects and tasks by the DNRO.

The foregoing Program Funding Agreement is effective upon signature and becomes an appendix to the DOD-CIA NRO Agreement dated 13 March 1963.

/s/ John A. McCone
 John A. McCone
 Director
 Central Intelligence Agency

/s/
 Roswell Gilpatric
 Deputy Secretary of Defense

5 April 1963
 (Date)

4 April 1963
 (Date)

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DEPARTMENT OF THE AIR FORCE
WASHINGTON

TAB C

OFFICE OF THE UNDER SECRETARY



May 23, 1963

MEMORANDUM FOR DIRECTOR, PROGRAM "B" (DR. SCOVILLE)

SUBJECT: FY 1964 Financial Plan

It is my understanding from the NRO Comptroller that agreement has been reached on the FY 1963 amounts for items within your area of responsibility. A memorandum is in process which will identify the specific dollar amounts by program and financing method to be utilized for each item in accordance with the recent agreement.

It is requested that necessary information on FY 1964 be developed for presentation to the NRO Comptroller no later than June 10, 1963. It is desired that this presentation cover the following programs:

✓ OXCART
✓ KEDLOCK
✓ 
✓ IDEALIST

✓ Photographic
✓ C/M/L Payloads

After presentation to the Comptroller and summarization of the amounts, the presentation and the Comptroller analysis will be made the subject of a meeting between representatives of your office and this office.

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BROCKWAY McMILLAN
Director

(S)National Reconnaissance Office

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